

SENATE BILL REPORT

SHB 2010

As Reported by Senate Committee On:
Ways & Means, April 1, 2009

Title: An act relating to state funding for local projects.

Brief Description: Concerning state funding for local projects.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Dunshee and Nelson).

Brief History: Passed House: 3/09/09, 59-38.

Committee Activity: Ways & Means: 3/23/09, 4/01/09 [DPA, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, McDermott, Murray, Oemig, Pridemore, Regala and Rockefeller.

Minority Report: Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Honeyford and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Brandland, Parlette and Pflug.

Staff: Brian Sims (786-7431)

Background: Public Works Board. The Public Works Board (PWB), within the Department of Community, Trade and Economic Development (CTED), administers the Public Works Assistance Account (Account) program, which is a competitive program that was created by the Legislature in 1985 to provide loans to assist local governments and special purpose districts with infrastructure projects. The PWB is authorized to make low-interest or interest-free loans from the Account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Community Economic Revitalization Board. The Community Economic Revitalization Board (CERB) administers a competitive program within CTED. The CERB was created by the Legislature in 1982 to provide low-interest loans and grants to finance local public economic development infrastructure necessary to develop or retain stable business and industrial activity. These improvements include industrial water, general-purpose industrial buildings and port facilities, sanitary and storm sewers, industrial wastewater treatment facilities, railroad spurs, telecommunications, electricity, natural gas, roads, and bridges. The public projects are linked to targeted business sectors in manufacturing, food processing, assembly, warehousing, industrial distribution, advanced technology, research and development, and recycling facilities. Political subdivisions and federally-recognized Indian tribes are eligible for the loans and grants.

Local Infrastructure Financing Tool. The Local Infrastructure Financing Tool (LIFT) program was created by the Legislature in 2006 to provide a public infrastructure financing mechanism for local governments. The LIFT program, administered by the CERB, allows local governments, either identified by the Legislature or selected through a competitive process, to use tax revenue generated by private investment in a specific area to help finance public infrastructure improvements that encourage economic development and redevelopment within those areas. The LIFT must be used to finance public improvements, including street, bridge and road construction, and maintenance; water and sewer system construction and improvements; sidewalks, traffic controls, and streetlights; parking, terminal, and dock facilities; park and ride facilities; park facilities and recreational areas; storm water and drainage management systems; and affordable housing.

Transportation Improvement Board. The Legislature created the Transportation Improvement Board (TIB) in 1988 to provide grants to cities and counties for high priority local transportation projects that enhance the movement of people, goods, and services. The TIB administers six competitive programs: Urban Arterial Program, Urban Corridor Program, Small City Arterial Program, Sidewalk Program (urban and small city), Small City Preservation Program, and the Road Transfer Program (City Assistance Hardship Program).

Greenhouse Gas Emission Reduction Requirements/Benchmarks for Vehicle Miles Traveled. For purposes of Washington regulations of greenhouse gas emissions, "greenhouse gas and gases" include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Legislation adopted in 2008 (i.e., E2SHB 2815, enacted as Chapter 14, Laws of 2008), established the following greenhouse gas emissions limitations for the state:

- by 2020, reduce overall greenhouse gas emissions in the state to 1990 levels;
- by 2035, reduce overall greenhouse gas emissions in the state to 25 percent below 1990 levels; and
- by 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to 50 percent below 1990 levels, or 70 percent below the state's expected emissions that year.

The E2SHB 2815 also established the following statewide benchmarks relating to the number of annual vehicle miles traveled (VMT) in the state:

- decrease the annual per capita VMT by 18 percent by 2020;
- decrease the annual per capita VMT by 30 percent by 2035; and

- decrease the annual per capita VMT by 50 percent by 2050.

Summary of Bill (Recommended Amendments): Beginning in 2011, the PWB and LIFT programs must, when reviewing projects for the award of funds, consider whether the applicant has adopted policies to reduce greenhouse gas emissions. The policies must be consistent with the requirements of the state's limits on the emissions of greenhouse gases, the state's goals to reduce annual per capita vehicle miles traveled, and federal emissions reduction requirements.

The PWB must include a description of local policies or project consistency with the state greenhouse gas emissions limitations.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments): Eliminates the modifications to the CERB and TIB programs. Clarifies that the new considerations for LIFT and PWB begin with the funding cycle in the 2001-13 biennium.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill: PRO: We have enacted state policies to reduce greenhouse gases and we should evaluate our capital budget investments to insure consistency with those policies. We should invest in infrastructure that support access to mass transit and development that reduces greenhouse gases. Without this alignment our capital budget investments may be working at cross purposes.

CON: We commend the goals of the bill, but there may be negative impact on economic development in rural areas of the state.

OTHER: Small cities may have a difficult time meeting the requirements. The timing may be too quick given unfinished work in the development of the state plan to reduce greenhouse gases.

Persons Testifying: PRO: Representative Dunshee, prime sponsor; Bill LaBorde, Transportation Choices Coalition; Craig Engelking, Sierra Club.

CON: Bryce Yadon, Washington Economic Development Association.

OTHER: Ashley Probart, citizen.